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AMERICAN PETROLEUM INSTITUTE COMMENTS ON
U. S. DEPARTMENT OF TRANSPORTATION, OFFICE OF PIPELINE SAFETY
DRAFT PROPOSED DEFINITIONS FOR
GAS GATHERING LINES
DEPT. OF TRANSPORTATION
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Presented to
Technical Pipeline Safety Standards Committee (TPSSC)
September 13, 1988, Washington, D. C.

Thank you Mr. Chairman. Good morning ladies and gentlemen. I am Patrick O. Mullens, Senior Supervisor, Pipeline Systems, Mapping, and Storage, Phillips Petroleum Company, Bartlesville, Oklahoma. I am appearing as the representative of the American Petroleum Institute (API). API appreciates the opportunity to present comments and facts pertinent to the U. S. Department of Transportation (DOT), Office of Pipeline Safety's (OPS') draft notice of proposed rulemaking (February 3, 1988), "Gas Gathering Line Definitions."

The API Committee on Gas Gathering Lines has reviewed OPS' draft notice of proposed rulemaking (February 3, 1988). Today, we would like to make two specific points. First, API believes that no evidence exists to indicate that public safety will be enhanced through adoption of OPS' draft proposed definitions. Second, the proposed revised definitions, if incorporated in 49 CFR Part 192, would create an economic impact on the gas producing and gathering industry that qualifies OPS' proposal as major rulemaking.

We recommend that DOT adopt API's previously submitted proposed definitions for "production facility", "transmission line", and "gathering line" (refer to Attachment 1). API's proposed definitions, which have received the support of several industry associations (refer to Attachment 2) and some state agencies (refer to Attachment 3), should be incorporated in 49 CFR Part 192.3 to provide for public safety protection without creating unreasonable burdens on industry.

INDUSTRY SURVEY.

API surveyed its member companies who engage in oil and gas production operations to estimate the number of miles of gathering lines which would be reclassified under OPS' draft proposed rulemaking and the economic impact on the gas producing and gathering industry. The extrapolated results of this survey yield an estimated 316,400 miles of gathering lines currently in onshore service in the contiguous 48 states of the United States.

Based on sixty-three (63) company responses to this survey, API estimates that the draft revised definitions proposed by OPS would have an inordinately high adverse economic impact on the gas producing and gathering industry. The responding companies operate a total of 121,718 miles of onshore gas gathering lines. The safety standards of 49 CFR Part 192 are currently applicable to 6,615 miles of these gathering lines,

either directly or by virtue of their incorporation into state standards for operation of intrastate gas pipelines. The total 1987 onshore gas production for the 63 reporting companies was 6,460 billion cubic feet, or 38% of the total 1987 onshore natural gas production for the contiguous United States, as reported in NATURAL GAS MONTHLY, February 1988, Energy Information Administration, U. S. Department of Energy. This percentage was used to extrapolate survey data to an industry-wide level. Thus, it is evident that the survey data provides a reasonable base from which to make projections of impacts on the entire onshore gas producing and gathering industry.

ESTIMATED ECONOMIC IMPACTS.

Adoption of **OPS'** proposed revised definitions would subject an estimated 197,000 additional miles of existing rural onshore gas gathering lines to the extensive operating and reporting requirements of **49 CFR Part 192**. This action would affect hundreds of companies operating gathering lines in thousands of locations. The estimated initial implementation cost is **\$630,600,000**, with recurring annual compliance costs of **\$105,000,000**. These estimates exclude those gathering lines located in populated areas which are currently covered by the public safety requirements of **49 CFR Part 3192**. Under **OPS'** proposed definitions, the additional miles (197,000) of gathering lines would, for the most part, be located in rural areas and fall outside the incorporated limits of towns and cities. In rural locations, public safety benefits under the OPS proposal are minimal, as there is minimal risk to the public from operation of these rural gathering lines .

OPS has presented no evidence to show that public safety is compromised by installation and operation of gas gathering lines larger than **4-inch** nominal diameter. Selection of this or any pipe size limitation as a factor directly relatable to public safety is not logical. The mere convenience of measuring line diameter to determine whether it is subject to **49 CFR Part 192** requirements is not justification for hundreds of **millions** of dollars in initial and recurring compliance costs to industry under **DOT's** proposed rule.

The impact assessment in **OPS'** draft proposal includes the statement, "RSPA believes that most gathering lines, as presently interpreted by industry, are small lines of **4-inch** nominal diameter or less and most gathering lines are at pressures of 20% or less of **SMYS**." OPS also states, "This proposed rule is considered **nonmajor** under Executive Order 12291 and nonsignificant under **DOT** procedures (44 **FR** 11034) because the proposed definition of 'gathering line' is consistent with **OPS'** interpretations and enforcement practices regarding gathering lines." As shown by the API survey projected impacts -- additional regulated pipeline mileage and initial and recurring compliance costs -- both of these statements are misleading and incorrect. The draft proposed rule's estimated cost impacts

obviously do qualify as a major rulemaking under Executive Order 12291. Additionally, the proposed pipe size limitation (4-inch OD and smaller) is totally inconsistent with industry understanding and practices for gas gathering lines, and has never been a part of **DOT's** regulations or enforcement practices. Indeed, the 63 survey respondent companies report over 50% of their gas gathering pipelines are over 4-inch nominal diameter. **OPS'** arbitrary and unwarranted proposal of a maximum **4-inch** nominal diameter for gas gathering lines would be responsible for a substantial majority of the estimated 197,000 miles of additional gas gathering line being reclassified as "transmission line. "

API's survey also indicates approximately 6,000 additional compressor station installations will become subject to compliance with the minimum safety standards of 49 CFR Part 192 under **OPS'** proposed definitions. The initial and recurring compliance costs for these compressor station installations are not included in **API's** projected economic cost data. As with the affected **gathering** lines, these compressor stations are mostly located in rural areas where the public is not at risk.

SUMMARY AND RECOMMENDATIONS.

API again requests that **DOT** consider adoption of the proposed facilities definitions shown in Attachment 1. These proposed definitions address pipeline function, clearly define the beginning and end of gathering lines, and take into account proximity of lines to the public. **API's** proposed definitions and revisions, if incorporated in 49 **CFR** Parts 192.1 and 192.3, would entail initial estimated compliance costs of **\$27,700,000** and annual recurring compliance costs of approximately **\$6,000,000**. It is estimated that 300 additional compressor station installations will be subject to compliance with the minimum safety standards of 49 CFR Part 192 under **API's** proposed definitions. These definitions are workable and can be implemented in the rule at 4.4% of the estimated initial compliance cost and 5.7% of the estimated annual recurring cost for implementing **OPS'** proposed draft rule (February 3, 1988).

The pipeline functional service and its potential to compromise public safety should be built into **DOT's** proposed rule. These criteria are not answered by arbitrary selection of 4-inch maximum nominal diameter as the limiting factor for classification of pipelines as "gathering lines" under 49 CFR Part 192.

We thank you for the opportunity to present this statement and hope this information will be of special value to the Technical Pipeline Safety Standards **Committee** and to OPS in deliberations regarding coverage of gas gathering lines under 49 CFR Part 192. Thank you for your time and attention.

EXECUTIVE SUMMARY

U. S. DEPARTMENT OF TRANSPORTATION (DOT) DRAFT NOTICE OF PROPOSED RULEMAKING (2/3/88)

"Gas Gathering Line Definition"

Revise 49 **CFR** Part 192.3 to include definitions of "gathering line" and "production facility" as follows:

"Gathering Line" means a pipeline 4 inches, or less, in nominal diameter that transports gas at a stress level of less than 20 percent of specified minimum yield strength (**SMYS**) from a production facility to a person other than a consumer but that is not an interstate transmission facility subject to **FERC** jurisdiction under the Natural Gas Act (15 U.S.C. 717 et seq.).

"Production Facility" means piping or equipment used in the production, extraction, recovery, or lifting of gas from the ground, the initial **separation** of gas, oil, and gas liquids in the vicinity of a **wellhead**, or associated storage or measurement.

NOTE: THESE DEFINITIONS ARE EXCERPTED FROM THE U. S. **DEPARTMENT** OF TRANSPORTATION (DOT), OFFICE OF PIPELINE **SAFETY (OPS)** DRAFT NOTICE OF PROPOSED **RULEMAKING 2/3/88**.

AMERICAN PETROLEUM INSTITUTE
PROPOSED FACILITY DEFINITIONS FOR
GAS PIPELINE SAFETY STANDARDS
(49 CFR Part 192)

Production Facility* means equipment and/or interconnecting lines used in the **production** process for lifting, recovery, separation, stabilization, treating, compression, liquid storage, and measurement of crude oil and/or gas.

Explanatory Information:

- * The production facility commences with the **wellhead** and ends at the outlet flange of the production equipment farthest downstream. Such equipment may include, but is not limited to, flowlines, heaters, separators, sweeteners, meters, compressors, dehydrators, interconnecting piping, and a short section of pipeline connecting the outlet of the most downstream piece of such equipment to the point of custody transfer. It includes any gas lift, pressure maintenance, and fuel gas systems used in oil and gas production operations. The production facility may be located entirely on the lease where such gas is produced and treated, or it may be a central (multi-lease) separation and treating facility.

Transmission Line means a pipeline operated for-the purpose of transporting gas from: a) a gathering line(s), **b)** the sales outlet of a gas processing plant, or **c)** a gas storage facility (and within such gas storage facility) to another transmission line, gas storage facility, or an end-user distribution system.

Gathering Line means a pipeline(s) that transports gas from one or more production facilities to a gas processing plant**, transmission line, or main***. A gathering line ends at: a) the inlet of a gas processing plant**, or **b)** if no gas processing plant** is located downstream, the most downstream, of: 1) the point of custody transfer of gas suitable for delivery to an end-user distribution system, or 2) the point of last commingling of gas from a single geographic field or from separate geographic fields in reasonable proximity.

Explanatory Information:

- ** Straddle plants, located on or adjacent to gas transmission lines for the purpose of extracting light hydrocarbon liquids from gas in the custody of the transmission company, are not to be considered gas processing plants in the definition of "gathering line".
- *** Main means a distribution line that serves as a **common** source of supply for more than one service line (this definition is currently in 49 CFR Part 192).

AMERICAN PETROLEUM INSTITUTE
PROPOSED REVISIONS TO 49 CFR PART 192

API recommends that DOT adopt in 49 **CFR** Part 192.3 the proposed facility definitions for "production facility", "transmission line", and "gathering line" as shown on Page 1 of Attachment 1. In addition, revisions to 49 CFR Part 192.1 should be made as follows:

"(b) This part does not apply to:

- (1) Offshore gathering of gas upstream from the outer flange of each facility on the outer continental shelf where hydrocarbons are produced or where produced hydrocarbons are first separated, dehydrated, or otherwise processed, whichever facility is farther downstream; and
 - (2) Onshore gathering of gas for any portion of the pipeline facilities located outside of the populated areas referred to in (c) below.
- (c) The minimum safety standards do apply to onshore gathering line facilities located within a Class 2 or higher location, as defined in 49 CFR Part 192.5."